



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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July 27, 2011

To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY (SECOND QUARTER 2011)

In response to the increased level of CRA activity in the County and the Chief Executive Office's (CEO) augmented role in analyzing and scrutinizing these activities, we began providing your Board with a "Quarterly Report on CRA Issues" starting October 12, 2000. Attached is the latest Quarterly Report covering activities during the second quarter of the calendar year. As we indicated in our prior reports to your Board, and consistent with the Board-approved policies and procedures, the CEO works closely with the Auditor-Controller, County Counsel, and appropriate Board offices in: analyzing and negotiating proposals by redevelopment agencies to amend existing redevelopment agreements; reviewing proposed new projects for compliance with redevelopment law, particularly blight findings and determining appropriate County response; and ensuring appropriate administration of agreements and projects.

The attached report reflects a summary of the following activities during the quarter:

- Notifications provided to the Board regarding new projects;
- Board letters/actions; and
- Major ongoing issues and other matters, including litigation.

On June 28, 2011, Governor Brown signed ABX1 26 and ABX1 27, the FY 2011-12 two-bill redevelopment trailer bill package, which eliminates Redevelopment Agencies (RDAs) unless cities and counties elect to participate in the Alternative Voluntary Redevelopment Program and provide continuation payments to the State General Fund (\$1.7 billion statewide in FY 2011-12).

"To Enrich Lives Through Effective And Caring Service"

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A detailed analysis of these bills was provided to your Board on July 14, 2011. At present, we assume that many cities will declare their intention of making the payments and avoid elimination. Therefore, ongoing redevelopment activities are likely to continue, and are listed in the attached. If you have any questions or need further information, please contact me, or your staff may contact Bob Moran at (213) 974-1130, or rmoran@ceo.lacounty.gov.

WTF:EFS:MKZ
FC:RTM:ib

Attachment

c: Auditor-Controller
County Counsel

COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES
Quarterly Report – Second Quarter 2011

New CRA Projects - Routine Notifications/Reports Provided to Board

CRA Projects	District	Type of Notification	Date
City of Palmdale	5 th	Notice of Preliminary Report	April 26, 2011

Board Letters/Actions During Quarter

CRA Projects	District	Action	Date of Board Action
None			

Major Ongoing or Emergent CRA Issues

Alhambra (Fifth District)

Issue: The City is proposing to merge existing project areas and extend time and dollar caps on existing project areas.

Status: CEO staff toured the proposed areas and will work with County Counsel to ensure the proposal is consistent with Community Redevelopment Law. CEO requested information from the City regarding blight.

Bellflower (Fourth District)

Issue: The City is proposing to add new areas to an existing project area.

Status: CEO staff toured the proposed areas and will work with County Counsel to ensure the proposal is consistent with Community Redevelopment Law.

Commerce (First District)

Issue: The City is proposing to add area to an existing redevelopment project area.

Status: CEO staff will tour the area to confirm that the area meets the blight criteria.

Compton (Second District)

Issue: The City is proposing to add new areas to an existing project area.

Status: CEO staff toured the proposed areas and will work with the City to ensure compliance with Community Redevelopment Law.

Los Angeles (First District)

Issue: The City is in the early stages of studying the potential for a new redevelopment project area adjacent to Chinatown, including the Los Angeles State Historic Park (Cornfield) and portions of the Los Angeles River.

Status: CEO staff will tour the proposed areas, and will work with County Counsel to ensure the proposal is consistent with Community Redevelopment Law.

Los Angeles (First and Second Districts)

Issue: The City is seeking to add new areas to the Council District No. 9 Redevelopment Project Area.

Status: CEO staff toured the proposed areas, and will work with County Counsel to ensure the proposal is consistent with Community Redevelopment Law.

Los Angeles (First and Second Districts)

Issue: The City is seeking to merge various project areas in the South Los Angeles area.

Status: The City issued a Notice of Preparation. CEO staff will tour the proposed areas, and will work with County Counsel to ensure the proposal is consistent with Community Redevelopment Law.

Los Angeles (Second District)

Issue: The City is seeking County assistance to redevelop the Crenshaw Project Area.

Status: CEO staff informed the City that any contribution of County tax share will be in the form of a loan, which will require repayment in the out years. Also, the County's real estate consultant will be required to review the developer's specific plans. CEO staff will work with CRA/LA staff on this proposal.

Los Angeles (Third District)

Issue: The City is seeking to add new areas to the Earthquake Disaster Assistance Project for Pacoima/Panorama City Redevelopment Project Area.

Status: CEO staff toured the proposed areas, and will schedule a meeting with City staff to discuss consistency with Community Redevelopment Law.

Los Angeles (Fourth District)

Issue: The City is seeking to add new areas to the Wilmington Redevelopment Project Area.

Status: CEO staff will tour the proposed areas, and will work with County Counsel to ensure the proposal is consistent with Community Redevelopment Law.

Palmdale (Fifth District)

Issue: The City adopted an amendment that added new areas to the Merged Redevelopment Project Area.

Status: CEO staff worked with County Counsel and was satisfied that the proposal was consistent with Community Redevelopment Law.

South El Monte (First District)

Issue: The City proposed changes to its Redevelopment Project in order to allow for the development of a retail project. The proposed changes include adjustments to the County pass-through share of new tax increment in order to fund infrastructure improvements.

Status: The CEO informed the City that any recommendation to the Board regarding a contribution of County tax share would be in the form of a loan, which would require repayment in the out years. County staff is anticipating the receipt of a detailed project plan from the developer, and will share it with the County's real estate consultant.

Temple City (Fifth District)

Issue: The City is contemplating the addition of new areas to an existing project area.

Status: CEO staff toured the proposed areas and will work with the new City Manager to ensure compliance with Community Redevelopment Law.

West Covina (Fifth District)

Issue: A repayment of County deferral clause in the 1990 Eastland Redevelopment Project Agreement has been triggered.

Status: The City had contemplated issuing debt to fully repay the County deferral, and hoped to link the payment to a capital project. Neither option currently seems viable. Consistent with the 1990 Agreement, Auditor-Controller has begun collecting a portion of the tax increment that would formerly have gone to the Agency.

Litigation

County of Los Angeles v. State of California

Issue: On July 28, 2009 Assembly Bill 26 4x (AB 26) was signed into law. It required that redevelopment agencies across the State remit \$1.7 billion to the State in Fiscal Year 2009-10 and \$350 million in Fiscal Year 2010-11, which the State used to help balance its budget. In return, each redevelopment agency can extend by one year the period of time for receiving tax increment that would otherwise revert to the local taxing entities.

Status: Your Board authorized a challenge to AB 26, as it would have a significant fiscal impact on the County. The California Redevelopment Association is also separately challenging the State. County Counsel believes the bill is unlawful, as the California Constitution limits the diversion of tax increment to the purposes of redevelopment. In addition, AB 26 violates Prop 1A, as it represents a reduction of the share of countywide property tax revenues allocated to local agencies. The Trial Court ruled in favor of the State, and County Counsel is working on an appeal. A motion to consolidate the two appeals was granted by the court. The Counties' opening brief was filed October 21, 2010. Respondents filed their response brief on January 13, 2011. The County filed its reply brief on February 2, 2011. The case is now fully briefed but the Appellate Court has yet to announce a hearing date for oral argument.

Overall CRA Statistics

Active CRA Projects	318
Pending CRA Projects	13